MWR Appropriated Fund (APF) Support

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Office of the Secretary of Defense

MWR Offsite Meeting - March 16, 2010

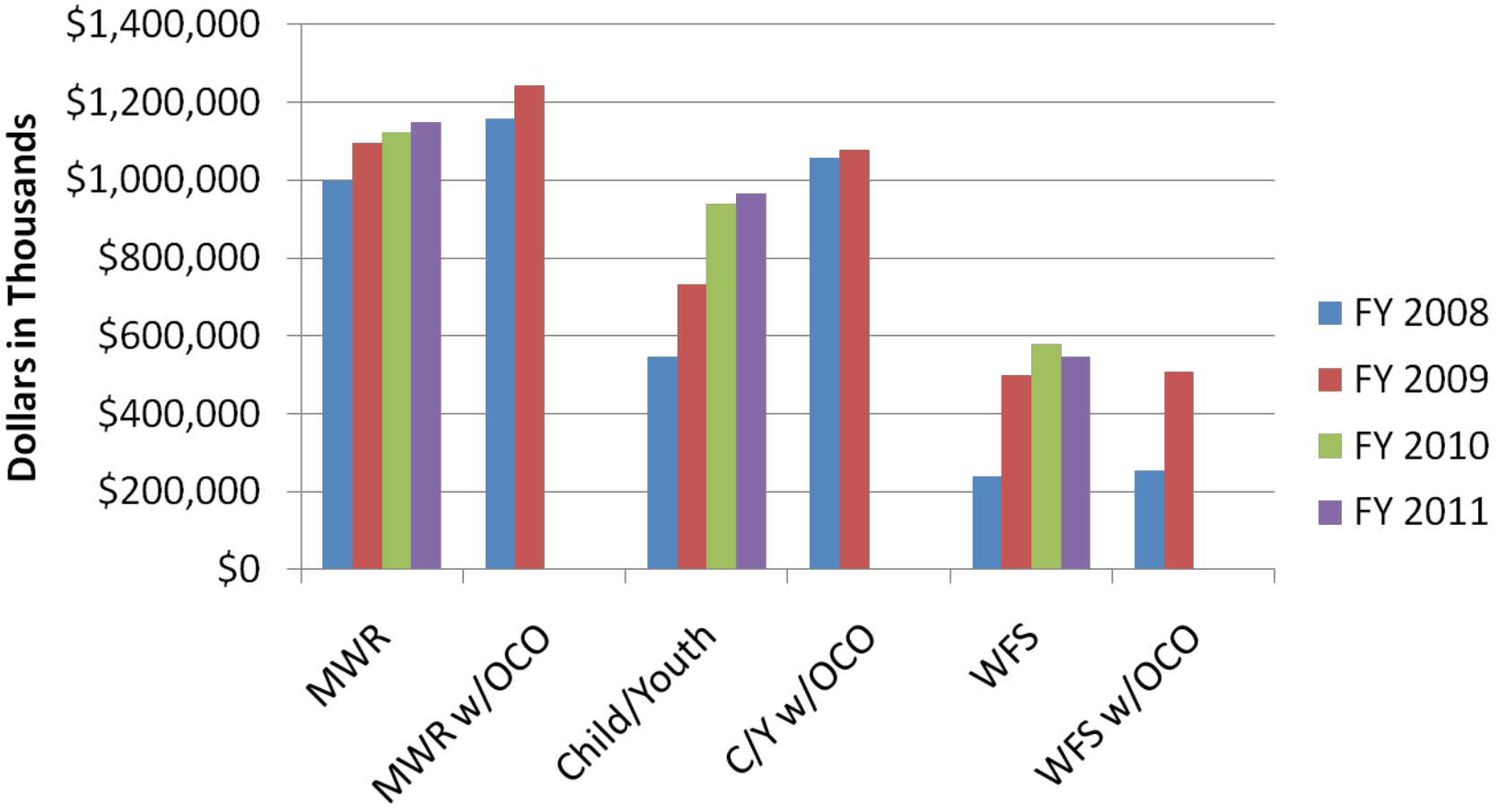
Agenda

- Congressional Interest
- APF Direct Support – MWR, Child/Youth, Warfighter and Family Support (WFS)
- MWR Direct Support (without Child/Youth and WFS)
  - Activities
  - Baseline for each Component
- APF Support to MWR (Metric)
- APF Support Based on Per Capita
- APF Overhead
- Next Steps

MWR Program

- Congressional interest
  - Congress conducts annual hearings on MWR
    - Requests financial data prior to hearing
  - Congress requests an annual report on the "Appropriated Fund Support to Morale, Welfare, and Recreation (MWR) Category A and B Programs"
    - Requested by House Report 104-563, which accompanied the National Defense Authorization Act (NDAA) for Fiscal Year 1997 (Public Law 104-201)

MWR, Child/Youth, WFS APF Direct Support



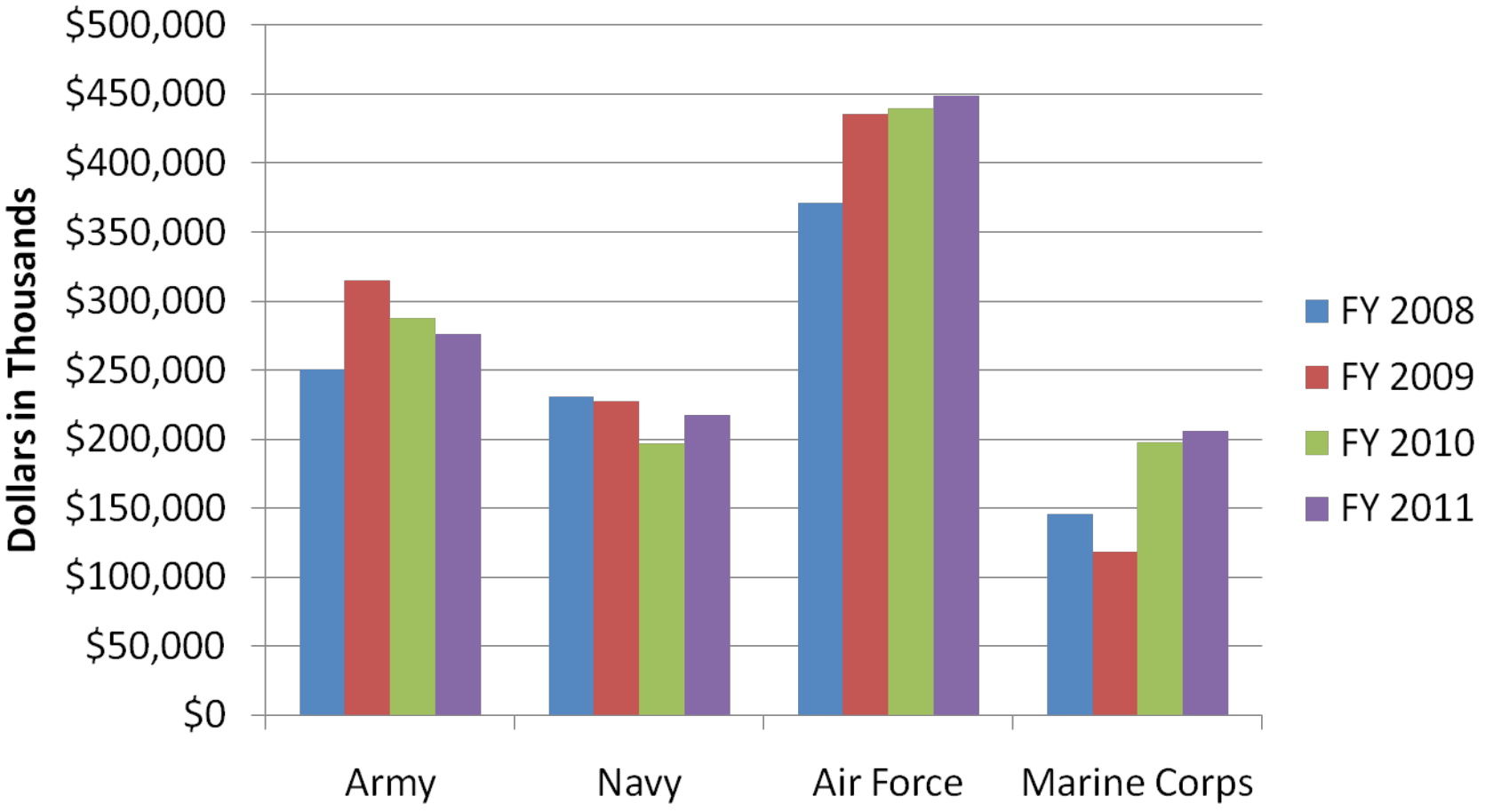
APF direct support includes overhead and program operation
Child/Youth APF grows from 55% (2008) to 84% (2011) of MWR

MWR, WFS Cat A, Child/Youth APF Direct Support

	FY 2008	FY 2009	FY 2010	FY 2011
MWR	$998.1 M	$1,097.0 M	$1,122.1 M	$1,148.0 M
MWR OCO	$159.2 M	$146.2 M (1)		
MWR Subtotal	***$1,157.3 M***	***$1,243.2 M***	***$1,122.1 M***	***$1,148.0 M***
WFS Cat A (Navy/MC)		$156.8 M	$142.0 M	$147.2 M
WFS OCO		$7.7 M		
WFS Subtotal		***$164.5 M***	***$142.0 M***	***$147.2 M***
Child	$423.8 M	$553.6 M (2)	$726.3 M	$744.4 M
Youth	$120.9 M	$177.6 M	$212.7 M	$220.6 M
Child OCO	$351.3 M	$319.8 M (1, 3)		
Youth OCO	$160.2 M	$25.4 M (1)		
Child/Youth Subtotal	***$1,056.3 M***	***$1,076.5 M***	***$939.0 M***	***$965.0 M***
Grand Total	**$2,213.6 M**	**$2,484.1 M**	**$2,203.1 M**	**$2,260.2 M**

(1) May or may not include MC&FP OCO – inconsistent between Services
(2) Includes $1.9 M of Army OCO used for construction, not operations
(3) Includes $141 M of Army OCO used for construction, not operations

MWR APF Direct Support



Air Force Baseline continues to grow; Marine Corps increases in

MWR APF Direct Support

(Dollars in Millions)

		FY 2008	FY 2009	FY 2010	FY 2011
Army	Direct Support	$250.1 M	$316.0 M	$287.8 M	$275.9 M
	OCO	$57.1 M	$51.1 M		
	Army Total	**$307.2 M**	**$367.2 M**	**$287.8 M**	**$275.9 M**
Navy	Direct Support	$230.7 M	$227.4 M	$196.8 M	$217.6 M
	OCO	$10.7 M	$4.9 M		
	Navy Total	**$241.4 M**	**$232.3 M**	**$196.8 M**	**$217.6 M**
Air Force	Direct Support	$371.3 M	$435.1M	$439.5 M	$448.7 M
	OCO	$5.1 M	$3.3 M		
	Air Force Total	**$376.4 M**	**$438.4 M**	**$439.5 M**	**$448.7 M**
Marine Corps	Direct Support	$146.0 M	$118.4 M	$197.9 M	$205.7 M
	OCO	$86.3 M	$86.8 M		
	Marine Corps Total	**$232.3 M**	**$205. 3 M**	**$197.9 M**	**$205.7 M**
Grand Total	Direct Support	$998.1 M	$1,097.0 M	$1,122.1 M	$1,148.0 M
	OCO	$159.2 M	$146.2 M		
	Grand Total	**$1,157.3 M**	**$1,243.2 M**	**$1,122.1**	**$1,148.0**

MWR APF Funding – FY 2009

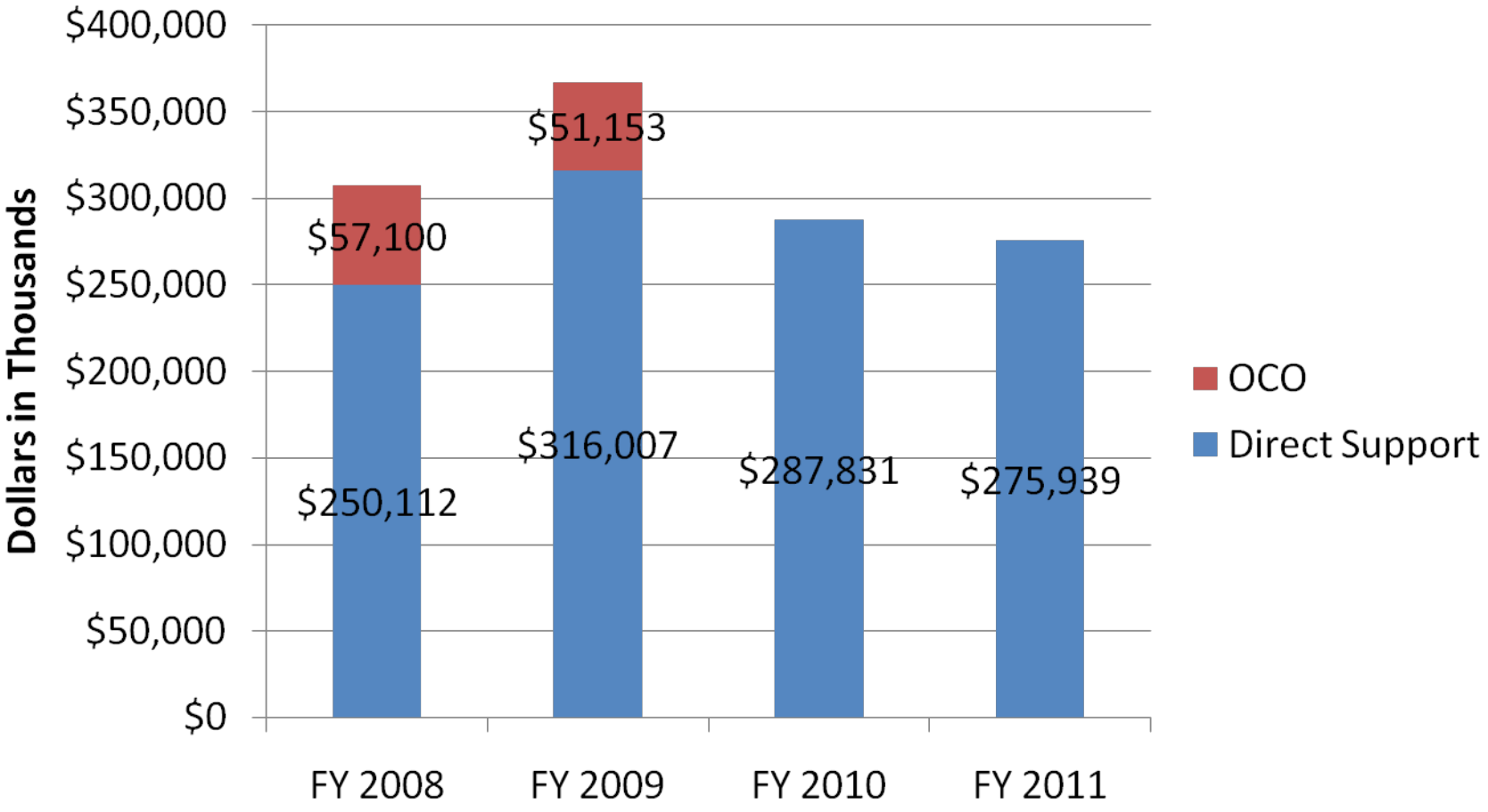
- Total Direct Support = $1,243.2 M
  - Total Program Operation = $716.5 M (58% of total direct support)
    - Category A = $487.2 M (68% of program operation)
    - Category B = $164.8 M (23% of program operation)
    - Category C = $64.6 M (9% of program operation)
  - Direct Overhead = $380.5 M (30% of total direct support)
  - OCO = $146.2 M (12% of total direct support)

- Defense Agencies – Total Direct Support = $15.4 M
- MILCON = $204.5 M
  - Army = $50 M
  - Navy = $113.4 M
  - Air Force = $28.9 M
  - Marine Corps = $12.2 M

MWR Activities – FY 2009

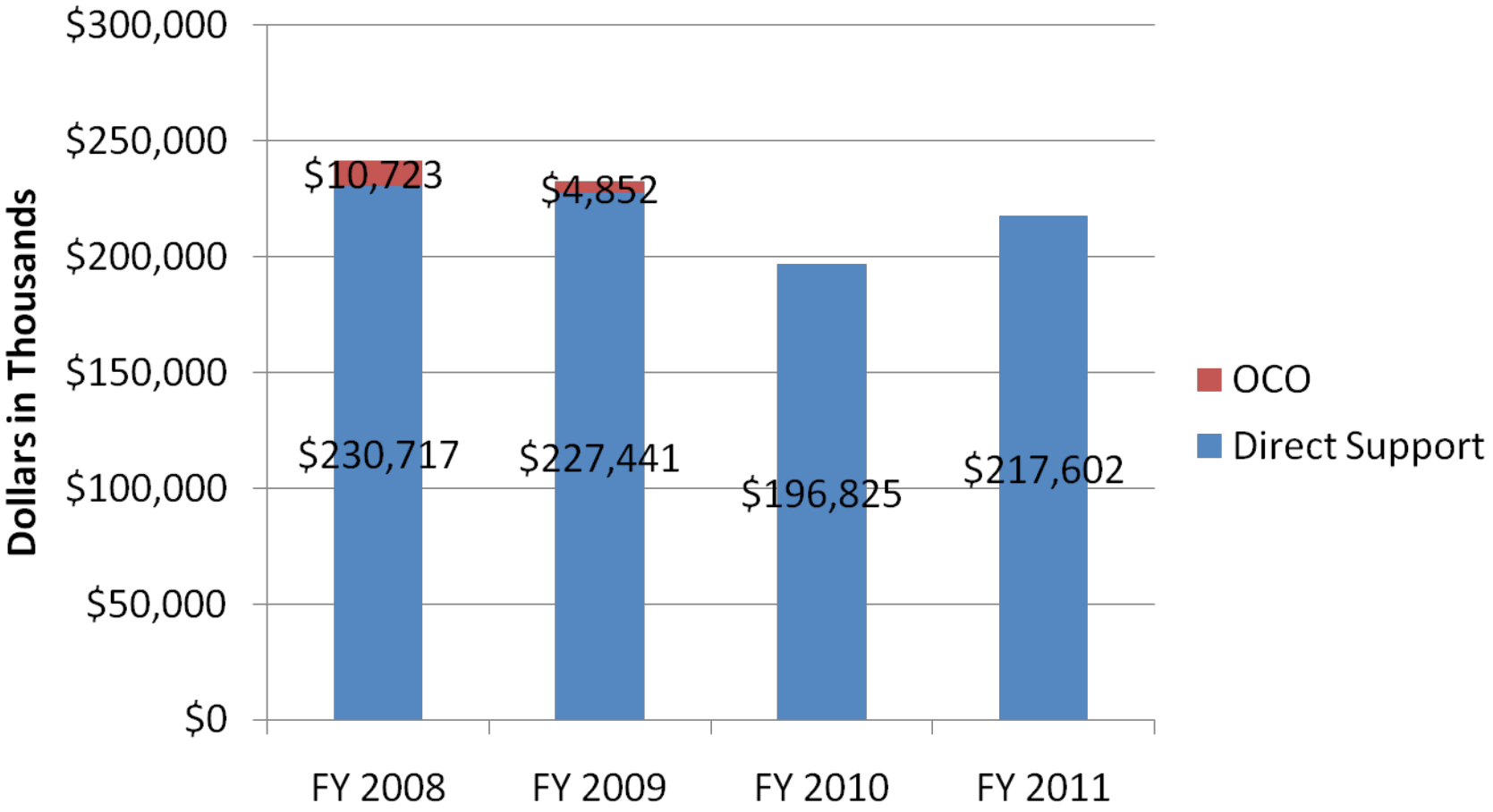
Activity (Dollars in Thousands)	APF	Activity (Dollars in Thousands)	APF
Fitness	**$267,427**	Food, Beverage, Entertainment	$ 3,552
Libraries	**$83,436**	Bowling (over 16)	$ 3,342
Outdoor Recreation	**$46,674**	Camping	$ 1,990
Clubs	$45,985	Cable/Community Television	$ 1,514
Sports and Athletics	$43,382	Riding Stables	$ 1,134
Recreation Center (Cat A)	**$42,703**	Recreation Lodging	$ 902
Auto Skill	**$27,277**	PCS Lodging	$ 855
Recreation Swimming	$26,643	Other Recreation/Entertainment	$ 690
Unit Programs	$19,324	Horseback/Stables	$ 669
Arts & Crafts	$17,931	Equipment Rental	$ 570
Single Service Member	**$13,530**	Joint Service and/or AFRS	$ 411
Free Motion Pictures	$10,141	Marinas	$ 349
Leisure Travel (ITT/ITR)	**$ 9,808**	Base Theater Film Program	$ 349
Bowling (16 or less)	$ 9,489	Vehicle Storage	$ 178
Outdoor Recreation Checkout	$ 8,765	Aquatic Training	$ 151
Parks and Picnic Areas	$ 8,595	Flying Program	$ 132
Armed Forces Entertainment	$ 8,112	Recreation Center (Cat B)	$ 103
Golf	$ 6,410	Rod and Gun Program	$ 94
Sports above Intramural	$ 5,946	Resale Programs	$ 51
Performing Arts	$ 4,431	Scuba and Diving Program	$ 14
Boating Program	$ 4,274	**Programs in MWR CSI Survey**	

Army MWR Baseline APF Direct Support



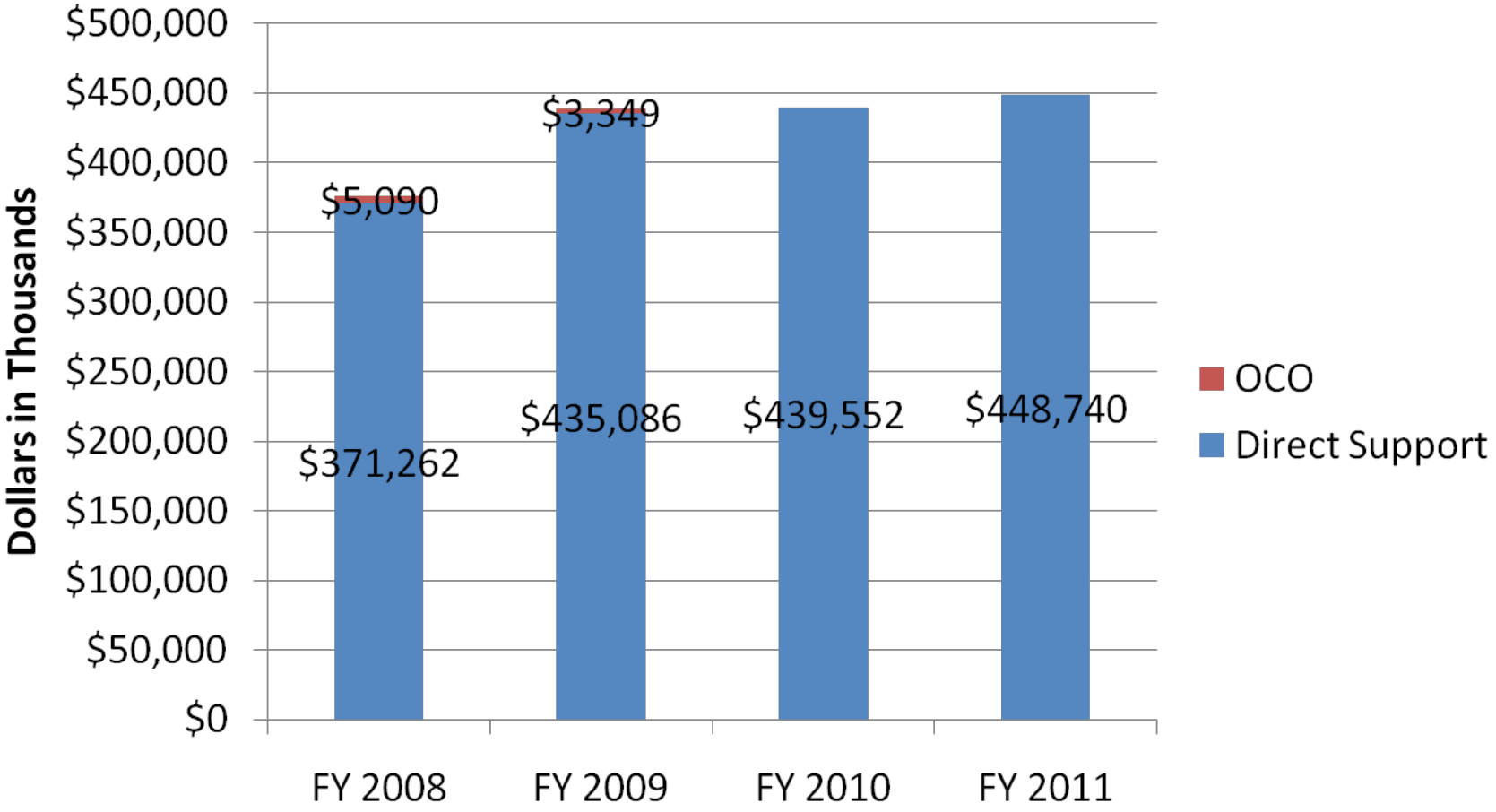
Army MWR Baseline increases $65.9M in FY 2009; decreases $28.2M in FY 2010 and $11.9M in FY 2011; percent change FY

Navy MWR Baseline APF Direct Support



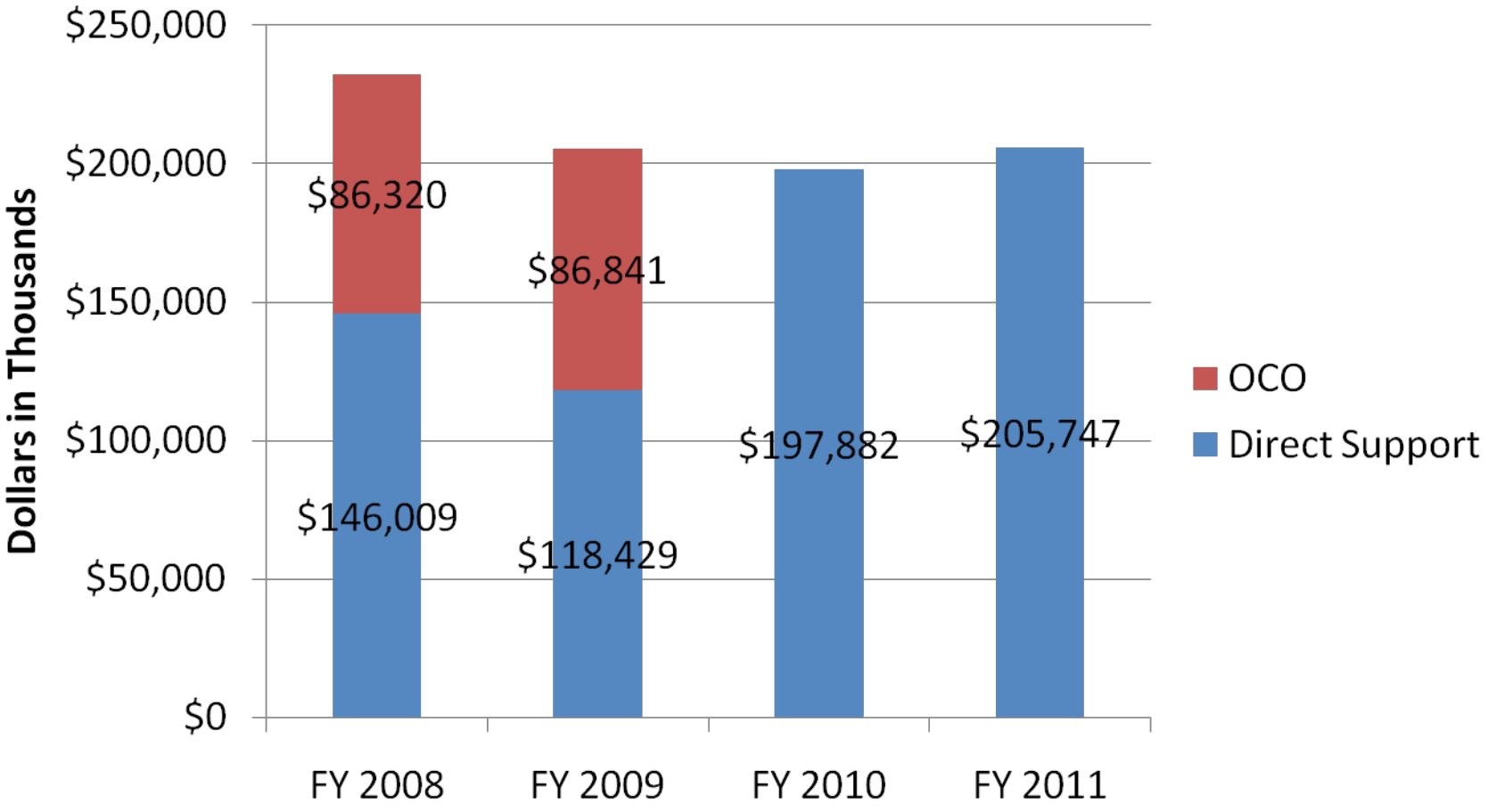
Navy MWR Baseline decreases $3.3M in FY2009 and $30.6 M in FY 2010; increases $20.8M in FY 2011; percent change FY

Air Force MWR Baseline APF Direct Support



Air Force MWR Baseline increases $63.8M in FY 2009, $4.5M in FY 2010 and $9.2M in FY 2011; percent change FY 2008-11

Marine Corps MWR Baseline APF Direct Support



Marine Corps MWR Baseline decreases $27.6M in FY 2009; increases $79.5M in FY 2010 and $7.9M in FY 2011; percent

Current Metric for MWR APF Support

- Percent APF support versus total funding (APF and NAF) support for MWR Category A and B activities (enclosure 6 of DoDI 1015.10, “Military Morale, Welfare, and Recreation (MWR) Programs,” July 6, 2009)
  - The basic funding standard, regardless of category, is to use APF to fund 100 percent of authorized costs
  - The minimum APF support for Category A programs is 85 percent of total category expenditures.
  - The minimum APF support for Category B programs is 65 percent of total category expenditures.

APF Support to MWR (Metric)

100% authorized APF support; minimum Category A is 85% & Category B is 65% APF support

MWR w/o C/Y	Category A	Category B	Category C
Army	89%	74%	21%
Navy	88%	**52%**	3%
Air Force	97%	76%	18%
Marine Corps	89%	80%	27%
Child/Youth			
Army	83%		
Navy	65%		
Air Force	**56%**		
Marine Corps	86%		

Navy MWR Category B is 52% - below the 65% minimum APF support

Issues with Current Metric

- APF and NAF support levels can be manipulated to achieve 85%/65% minimum standards
- Includes APF Indirect Support (Public works budget; not MWR. The number is a guess and the result is double counting)
- Fails to highlight significant disparities between Services' APF support (including per capita funding)
- No common formula for apportionment of APF Direct Overhead and NAF Common Support between Categories A, B, and C.

FY 2009 APF Overhead

(Percent of Direct Support)

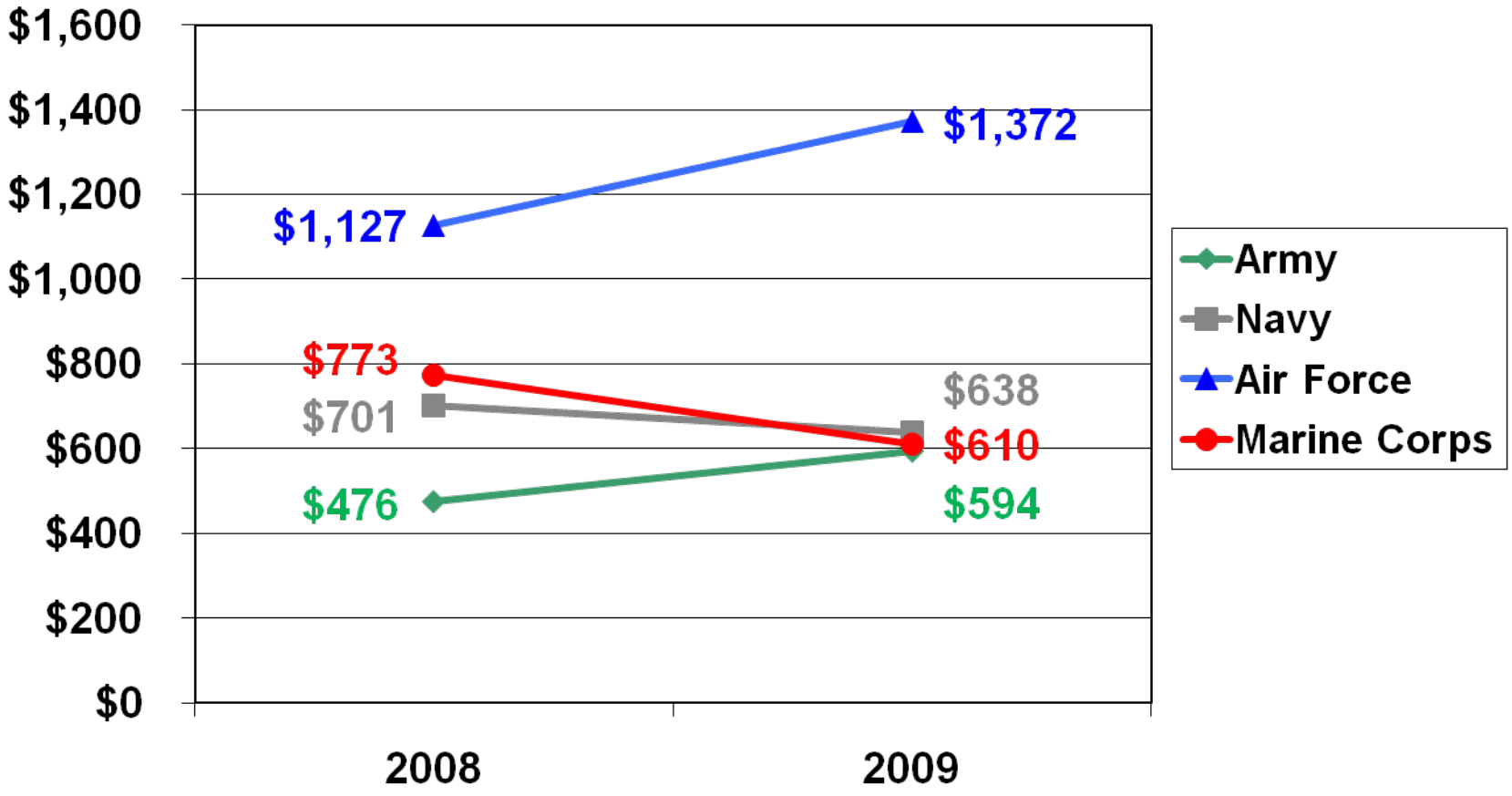
- Army
  - MWR = 20.8%
  - Child = 19%
  - Youth = 13%
  - No overhead for WFS
- Navy
  - MWR = 38.3%
  - No overhead for Child, Youth, WFS
- Air Force
  - MWR = 42.5%
  - No overhead for Child, Youth, WFS
- Marine Corps
  - MWR = 36%
  - Child = 12%
  - Youth = 53%
  - WFS = 30%

APF overhead varies widely between Military Services
Services use different methods to calculate overhead

Calculation for Allocating APF Overhead and NAF Common Support

- Exclude indirect APF support and OCO supplemental funding from calculation
- Allocate direct APF overhead based on the percent of APF used for program operation for MWR (by each Category A-B-C), Child, Youth, and WFS
- Allocate NAF common support based on the percent of NAF expenses for MWR (by each Category A-B-C), Child, Youth, and WFS

MWR Direct APF Support Per Capita



Air Force provides more MWR APF support per

Next Steps

- Convene Financial Working Group
- Establish for all Services same APF Overhead and NAF Common Support calculation for MWR, Child, Youth, and WFS programs
- Establish per capita MWR APF support metric
  - Build stable baseline
  - Include OCO and inflation
  - Eliminate Service disparities
- Remove Indirect Support from MWR funding; notify OSD Comptroller of reporting change
- Brief Congressional staffers on metric changes
- Publish changes in policy memorandum signed by PDUSD(P&R)
- Publish changes in DoD Instruction 1015.10

Plus on-going POM-12 MWR funding issue

Backup Slide

Definitions

- Direct Support
  - Direct Program Operation (APF)
    - All appropriated fund costs (in-house and contract) provided to directly operate an individual MWR program. Costs include military and civilian personnel including benefits; travel; training; supplies; equipment (includes rental and maintenance); contracted services; and Family Child Care subsidy.
  - Direct Overhead (APF)
    - At installation and headquarters, overhead is appropriated fund direct costs that are attributable to more than one MWR program and are associated with the general management or administrative support of MWR programs. Overhead costs include military and civilian personnel including benefits; travel; training; supplies; equipment (includes rental and maintenance); contracted services; and other support related to all levels of managerial staff functions and positions located above the direct program managerial and operational level of individual MWR programs.
- Indirect Support (APF)
  - All appropriated fund Base Operations support costs to MWR programs and activities. Base Operation costs are budgeted and executed by a non-MWR activity that supports installation-wide services. Costs include military personnel support; civilian personnel services; facility and infrastructure support (including fire, health, safety); equipment operation; financial and accounting services; installation procurement and common warehousing; communication; installation information systems; legal services; transportation services; second destination transportation; utilities and real property rents; refuse collection; custodial and janitorial services.
- Common Support (NAF)
  - Direct NAF support used to fund the management, administration, and operation of more than one MWR program or category and that is not easily or readily identifiable to a specific MWR program. Examples of common support are central accounting office, common warehousing, and central procurement functions.